GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5370
ANSWERED ON:22.12.2000
I.T. EXEMPTION TO NGOS
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have granted income tax exemption to the NGOs for promotion of social and economic welfare schemes;

(b) if so, the number of such organisations granted such exemption during the last three years;

(c) the procedure adopted for selection of such organisations for tax emexption; and

(d) the strategy being adoped by the Government for allocation of funds, its proper utilisation and granting tax exemption to NGOs for economic and social welfare activities?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) Yes, Sir.

(b) 244 organisations and their projects were approved for income tax exemption during the last three years (F. Yrs. 1997-98, 1998-99 and 1999-2000).

(c) The applications received from various institutions for undertaking eligible projects are put up to the National Committee for Promotion of Social and Economic Welfare constituted under Section 35AC of the IncomeTax Act, 1961 for consideration. The National Committee approves associations and institutions for carrying out eligible projects or schemes on the basis of procedure/guidelines prescribed under Rule 11 of the Income Tax Rules and also guidelines laid down by the National Committee from time to time. The National Committee recommends to the Central Government sucheligible projects or schemes. After acceptance by the Government, the approved associations and institutions and the eligible projects or schemes are notified under section 35AC of the Income Tax Act.

(d) The Government does not allocate any funds to the approved associations or institutions. Under Section 35AC of the Income Tax Act, the donors to the approved associations or institutions for carrying out eligible projects are entitled for 100% tax exemption in respect of donations made. The National Committee monitors the approved prjects to ensure that the donations collected are properly utilised.